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SUBJECT: SENATOR HAGEL DISCUSSES PNTR AND ECONOMIC, SOCIAL REFORMS  
WITH NATIONAL ASSEMBLY CHAIRMAN

Ref: Hanoi 771

Summary  
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¶1. (SBU) On October 6, Vietnamese National Assembly (NA) Chairman and Politburo member Nguyen Phu Trong briefed Senator Chuck Hagel on the NA's developing oversight role in Vietnam's policymaking process and in promoting social and economic development. Trong said passage of Permanent Normal Trading Relations (PNTR) before APEC would give the President's visit here "more meaning." Senator Hagel stated that he strongly supports PNTR legislation and WTO entry for Vietnam. Senator Hagel relayed American condolences for the loss of life in central Vietnam caused by Hurricane Xangsane. End Summary.

¶2. (SBU) On October 6, Senator Chuck Hagel (R-NE) met Vietnamese National Assembly (NA) Chairman and Politburo member Nguyen Phu Trong. Senator Hagel extended condolences over the loss of life in central Vietnam due to Hurricane Xangsane. Trong responded that Hanoi is grateful for USG assistance. Vietnam's leaders have taken strong measures to reduce the suffering in affected areas, he added.

¶3. (SBU) Senator Hagel noted that many changes have taken place in Vietnam compared to his last visit in 1999. Vietnam's entry into the WTO will further this development, and he predicted that, though PNTR passage "is not guaranteed," Congress may vote in favor of PNTR before the President comes for APEC. Trong responded that passing the PNTR legislation would be good for Vietnam and make the President's APEC visit here "more meaningful."

National Assembly's Growing Role  
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¶4. (SBU) Trong noted that Vietnam has not only undertaken economic reforms, but political reforms as well, in order to "better promote democracy and the voice of the people." For example, of the nearly 500 NA deputies, 28 percent are female and many represent ethnic minority groups. (Comment: The Party has maintained quotas on ethnic and social groups in the NA since the institution's inception, and the Vietnam Fatherland Front vets all candidates standing in NA elections. End Comment.) The NA's main tasks are: 1) to make laws and regulations; 2) to "serve national economic and social development and economic integration;" and, 3) to increase the overall volume of legislation. In his role as NA Chairman, Trong aims to accelerate this pace, he said.

¶5. (SBU) Trong noted that the Prime Minister and Cabinet ministers must report to the NA on progress in their social and economic programs. NA deputies are now authorized to question ministers about these policies in formal sessions broadcast live throughout the country. When necessary, NA delegations visit provinces and cities to oversee program implementation, Trong said. In addition, the NA recently passed an audit law, which will create a national

audit agency, he noted.

¶6. (SBU) The NA has developed relations with foreign parliaments and hosted international conferences to improve the NA's capacity, Trong continued. NA delegations have visited the U.S. Congress and the NA has hosted several important CODELs, including House Speaker Dennis Hastert's April visit. Trong said that the NA "looks forward to receiving as many delegations as possible."

¶7. (SBU) Senator Hagel asked what role the NA plays in the oversight of infrastructure projects. Trong stated that the Assembly spends "much time and money on this topic and, without good NA management and supervision, Vietnam suffers big losses," as in the Project Management Unit (PMU)-18 scandal (reftel). The NA will focus its next session on implementing land reform programs and other development projects, such as the Dung Quat oil refinery and The Phu My fertilizer complex, and privatizing State-owned enterprises. The NA will also question ministries on delays in implementing some already approved projects. Trong said he would welcome any advice in the area of monitoring infrastructure development.

¶8. (SBU) Trong confirmed that private sector companies will be allowed to participate in future infrastructure projects. In addition, administrative reform will remain a priority because the GVN aims to "create the most favorable conditions for foreign investors." Although asked by the Senator, Trong declined to discuss the NA's role in banking regulation.

¶9. Senator Hagel has cleared this message.

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